



Tennessee State Board of Accountancy
Department of Commerce and Insurance

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MINUTES

TENNESSEE STATE BOARD OF ACCOUNTANCY MEETING

November 14, 2003

The meeting of the Tennessee State Board of Accountancy convened in the Davy Crockett Tower, Nashville, Tennessee, November 14, 2003, at 11:00 am.

Members present were David Curbo, Chairman; Micheal Vaughn, Vice-Chairman; Mark King, Secretary; Charles Frasier, L. Dan Johnson, Maxie Patton, Mark Layne, Doug Warren and Kenneth Cozart. Also present were M. Connaught O'Connor, Staff Counsel; Linda Biek, Investigator; Leona Johnson, Administrative Assistant III; Dan Syriac, Administrative Manager and Brad Floyd, Executive Director of the TSCPA.

David Curbo called the meeting to order at 11:00 am and announced a quorum was present. Mr. Curbo reported the following items to the Board:

- A) He had received a letter of resignation from Cecelia Barnes, Attorney Member;
- B) Mike Isom passed away this past weekend due to complications from heart surgery; and
- C) Charles Frasier would be giving the CPE report early in the day as he will be leaving early.

Charles Frasier made a motion to approve the minutes from the August and September meeting. Dan Johnson seconded the motion; it was voted on and approved.

Charles Frasier presented the **CPE Committee Report**.

- 1) Individual requests for CPE course approval without NASBA approval is presenting a time consuming problem for the CPE Committee. Discussion took place regarding making a policy related to the fee NASBA charges for QAS approval vs. TN Roster and the impact on a one time course. Mike Vaughn recommend we do a Quick Poll of other State Boards with regards to this matter before establishing a policy. This Board agreed with Mike's recommendation. The Board approved sponsors were requested to be listed on our website
- 2) A policy change was requested that, because of identity theft, notarized proof be required for a CPA to change his/her name. Maxie Patton suggested we check with the AG's office for the proper procedures to make such changes. The Board agreed that for now, a copy of the court order or marriage/divorce decree is required for a CPA to change his or her name.
- 3) A discussion took place regarding enforcing the \$25 fee for late address changes. Linda will contact C & I to inform them of the large volume of return mail the Board receives and will attempt to get our mail forwarded. The Board agreed that for now, the staff should change the address in our system and try to collect the late fee.
- 4) Charles Frasier motioned to approve the issuance of 60 new CPA certificates and 23 reciprocal CPA certificates whose experience and other qualifications have been approved by the Board's staff. Dan Johnson seconded the motion; it was voted on and approved.

Linda Biek presented the **Executive Director's Report**: (see attached report)

- 1) Linda announced the next Board Meeting date as January 16, 2004

- 2) Thank you to those who helped with the final written CPA Examination in May. See report for two incidents that were successfully resolved.
- 3) There were 19 CPA exam grade review requests from the May exam. No grades were changed.
- 4) Four Board members attended the NASBA annual conference.
- 5) Linda updated the Board on the status of the RFP for the CBT. The Board would like to review CPA Exam Services process to see they meet our law and requested Joe Cote meet with the Board.
- 6) Renewals were mailed last week. No problems have been identified.
- 7) The Peer Review Contract is close to approval, and is limited to one year. The Board agreed to give the Peer Review Committee the task of setting the policy standard for procurement to select the Board's Peer Review Acceptance Committee.
- 8) A discussion was held regarding individuals who perform consulting services. Do these individuals need to have an active license and a firm permit? The Board agreed that such individuals must have an active license and a firm permit.
- 9) Gary Parsons requests approval from the Board to allow him to prepare compilation reports. After some discussion, Mike Vaughn read an exert from the November 15, 2002 minutes regarding Mr. Parsons case. Mr. Vaughn made a motion to have the Executive Director respond to Mr. Parsons' request and instruct him to appear before the Board to make his request. Furthermore, he should have proof of his compliance with the Board's previous requirements and restitution.
- 10) DELETED FROM DISCUSSION, DISCUSSED IN COMMITTEE.
- 11) A potential partnership scenario was discussed regarding commission & contingent fees, disclosure and independence. Rule 0020-3-.05 (4) would be a consideration. In addition, all commission and contingent fees must be disclosed in writing.
- 12) Linda informed the Board of Cecelia Barnes's resignation from the Board.

Connaught O'Connor presented the **Attorney's Report/Probable Cause Committee report** (copy attached. New Case #12 – Reviewer, Mark King, recommended a Consent Order for a \$250 civil penalty. New Case #13 – Reviewer, Mike Vaughn, recommended requesting a letter of care from the doctor, the CPA should complete the inactive affidavit and we need to check the firm name. New Case #15 – Reviewer, Mark King, recommended we defer to get more information. New Case #16 – Reviewer, David Curbo, recommended we call this person in for a Formal Hearing. New Case #17 – Reviewer, David Curbo, recommended we defer to get more information. New Case #18 – Reviewer, Mark King, recommended that we dismiss this case. New Case #19 – Reviewed by Mike Vaughn, recommended we issue a letter of instruction including T.C.A. 62-1-115 regarding turning over client records. New Case #20 – Reviewer, Kenneth Cozart, recommended we dismiss this case. New Case #21 – Reviewer, Kenneth Cozart, recommended we close this case. New Case #22 – Reviewer, David Curbo, recommended we dismiss this case. New Case #23 – Reviewer, David Curbo, recommended we defer to get more information. New Case #31 – Reviewer, Kenneth Cozart, recommended we dismiss this case. New Case #36 – Reviewer, Mike Vaughn, deferred to give this case to another reviewer as the client is from the Middle Tennessee Area. J. Micheal Vaughn motioned to approve the report and the reviewer's recommendations. Mark King seconded the motion; it was voted on and approved.

Connaught O'Connor informed the full Board that the Peer Review Committee of the Board and the Peer Review Acceptance Committee will read information and work up criteria for the procurement method of selecting new Acceptance Committee Members. They will do this in policy and set criteria for the selection process. One Acceptance Committee Member will be selected from each grand division of the State.

Connaught O'Connor also informed the full Board that the attached RFP is at the Attorney General's office waiting to be signed. The contract for the Computerized CPA Examination is a five year contract. After some discussion, Mike Vaughn asked if it was appropriate for Board Members to visit some of the Prometric test sites. The Board agreed that volunteers from the Board would visit each Prometric site. Linda Biek will get the list of all of the Prometric sites and the check lists from NASBA.

Mark King presented the **Peer Review Committee Report.**

- 1) 403 firms were due peer reviews in 2003. Of those, we have heard from 351 and only 52 have not responded at this time.
- 2) 41 new firms have been approved since the last Board Meeting.
- 3) The committee discussed a firm policy to allow the Executive Director and the Firm Permit Coordinator to approve firm names.
- 4) The Committee discussed recommended actions to be taken when a firm has two substandard peer reviews.
- 5) The Committee discussed the Peer Review procurement.
- 6) The Committee is working on rules that need to be clarified/changed.
- 7) The Committee voted and allowed a sole proprietor who purchased another sole proprietor to use both names for a period of 2 years.
- 8) The Committee approved a peer review extension through January 31, 2004.

Old Business:

Executive Director Discussion: David Curbo reported that he has received four (4) applications/resumes for the Executive Director position. Mike Vaughn, Mark King, Charles Frasier and David Curbo are the Task Force Committee Members to review the applications.

Linda will send an e-mail to the Board Members including a list of the Prometric sites and an outline of things the Board Members should look for when visiting the sites.

David announced that the next Board Meeting will be January 16, 2004 in room 212. Linda needs to send an e-mail to all Board Members to inform them of this new Board Meeting date.

There being no further business to come before the Board the meeting was adjourned.

CHAIRMAN

SECRETARY